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Report Highlights:

Jamaica's raw sugar production in Marketing Year (MY)2021/2022 was 40,450 MT, eight percent lower than the previous MY. In MY 2022/23, Post projects 38,000 MT of sugar due to falling production. Sources claim that issues such as reallocation, the use of previous sugar lands, the high cost of production, and labor shortages are responsible for the sustained decline. Although production is likely to continue falling, Post expects that Jamaica will fulfill its export quota to the United States, while also satisfying local and regional market demands in MY2022/2023.

Production

Sugar production in Jamaica has fallen over the last five years. For MY 2020/2021, Jamaica produced 40,450 MT of sugar. Based on the continued decline facing the industry, Post forecasts 38,000 MT of sugar production from about 479,000 MT of sugarcane in MY 2022/2023. Both sugarcane and sugar production have decreased over the last 5 years. Between 2017 and 2021, production of sugarcane dropped from 1,100,000 MT in MY2016/2017 to 499,000 MT in 2020/2021. Raw sugar also dropped from 87,000 MT in MY 2016/2017 to 40,458 MT in MY 2020/2021 (Figures 1 and 2).

The decline in sugar production has been predominantly attributed to the high costs of production, lack of labor and reallocation of lands, which were previously allocated to sugarcane production, but are now being used for housing and other crops. Furthermore, most of the sugar factories have closed operations in recent years. Currently, there are only two sugar factories producing raw sugar in Jamaica. The country still does not possess the capacity to process refined sugar, a situation which is unlikely to change in the short- or medium-term.

The Government of Jamaica continues to provide transportation subsidies to sugarcane farmers who take their sugarcane crop to factories for processing. The government has also reallocated lands, previously under sugar production, to farmers wishing to cultivate other crops.

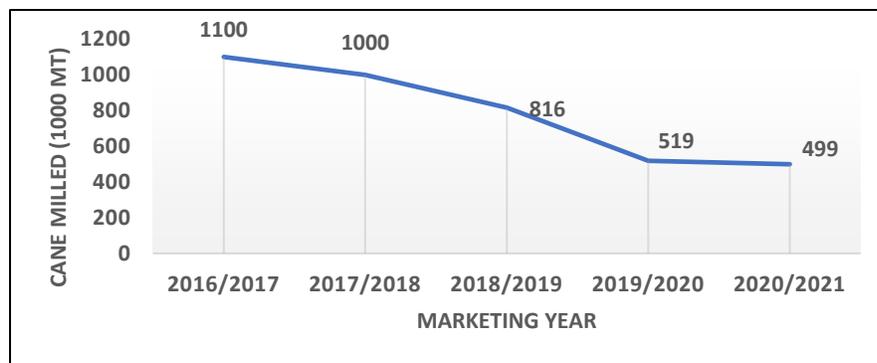


Figure 1: Approximate volume of cane milled in Jamaica between 2017 and 2021.
 Source: Sugar Industry Authority

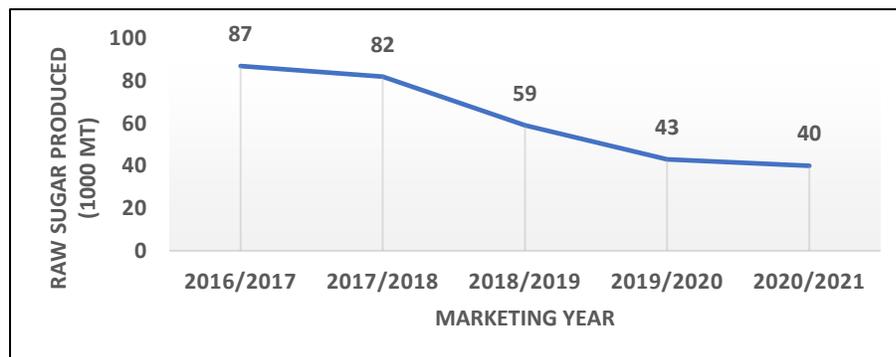


Figure 2: Approximate volume of raw sugar produced in Jamaica between 2017 and 2021
 Source: Sugar Industry Authority

Table 1: Sugarcane production for crop year 2020/2021

Factory	Company	Estate Area Reaped (HA)	Farmer Area Reaped (HA)	Total Area Reaped (HA)	Estate Cane Milled (MT)	Farmer Cane Milled (MT)	Total Cane Milled (MT)	Raw Sugar Produced (MT)
Appleton	Campari	0	1,790.00	1,790.00	0	82,667.00	82,667.00	0
Frome	Pan Caribbean	2,566.00	1,145.60	3,711.60	142,018.53	66,384.00	208,402.53	18,307.01
Worthy Park	Worthy Park (includes Monymusk farmers)	1,875.00	2,481.40	4,356.40	126,754.40	81,395.00	208,149.40	22,143.07
*	Everglades	0	76.30	76.30	0	0	0	0
GRAND TOTAL		4,441.00	5,493.30	9,934.3	268,772.93	230,446.00	499,218.93	40,450.00

* Farmer-reaped canes are generally transferred to one of the above factories for processing.

Source: Sugar Industry Authority (Preliminary) 2022

Consumption

In MY2021/2022 local consumption of sugar was 30,000 MT of raw sugar and 60,000 MT of refined sugar, a total of 90,000 MT. Per capita consumption of sugar fluctuates, but on average, is approximately 82 pounds per person per annum.

The majority of refined sugar consumption in Jamaica is absorbed by the food manufacturing sector. However, in recent years, the Ministry of Health and Wellness and the Heart Foundation of Jamaica launched a national campaign warning of the adverse effects of sugar consumption. As such, several manufacturers have started to make products with lower sugar content. In addition, a tax on sugary drinks have been recommended to discourage shoppers from consuming products high in sugar. If this law is passed, it will likely affect the consumption of raw and refined sugar in Jamaica.

Approximately 100,000 MT of molasses and 5,000 MT of raw sugar are used by the spirits industry. Cane sugar remains the predominant sweetener in Jamaica, although there are other sweeteners on the local market with minimal demand and market share.

Trade

Historically, Jamaica exported sugar to the European Union (EU) under the European Union Sugar Protocol (EUSP), which was extended to countries of the African, Caribbean, and Pacific (ACP) group. Under the EUSP, raw sugar produced fetched a premium price when exported to the EU as well as importing raw sugar for local consumption at a lower price. The EUSP arrangement was replaced in 2009 by the Economic Partnership Arrangement (EPA), under this agreement, the difference between world market price and the ACP countries narrowed.

In 2013, the EU revised the Common Agricultural Policy (CAP) which resulted in the removal of the preferential price that was enjoyed by ACP countries. This led to ACP countries, such as Jamaica, operating under regular market conditions, including high input costs and low efficiency when compared to other more efficient sugar markets in the world.

The changes to the EU policy also resulted in a shift in the marketing of Jamaican raw sugar. Currently, sugar is primarily used for domestic purposes and exported to the Caribbean, and the United States, based on a pre-determined quota. Some sugar is exported to the EU as well, despite the reduced prices.

Post forecasts 38,000 MT of raw sugar production in MY 2022/2023 as the industry is expected to continue falling. Although production is forecast lower, Jamaica is expected to fulfill the sugar tariff-rate quota (TRQ) to the United States for MY 2022/2023. In 2021, Jamaica exported 6,000 MT of raw sugar to the United States of the 13,796 MT allocated (Figure 3). According to sources, however, the closure of factories and the decline in crop production may have affected exportable supplies, limiting Jamaica's ability to fulfill allocations. The remainder of raw sugar is expected to be consumed locally or exported to other markets, including to the Caribbean Community (CARICOM) and the EU.

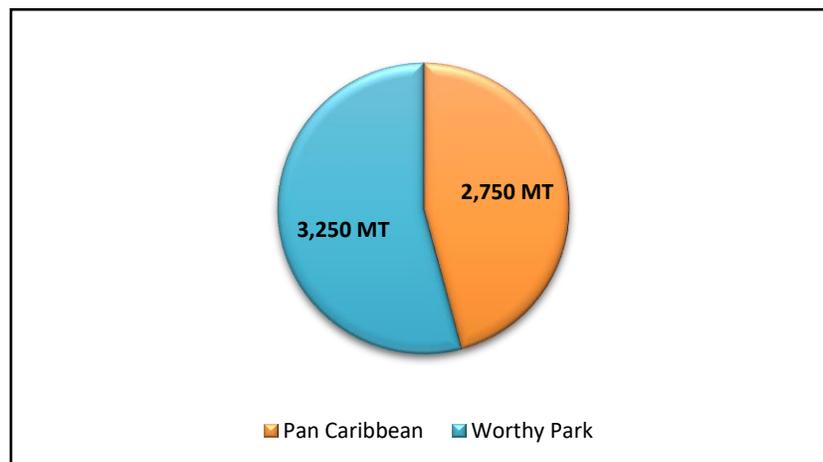


Figure 3: Chart showing export quantities of raw sugar from Jamaica sugar mills to the United States in 2021

Refined sugar is still not produced locally; therefore, Post expects that it will be imported to satisfy local demand. The importation of refined sugar is expected to remain relatively flat for MY 2022/2023. The following countries were the top exporters of refined processed sugar to Jamaica in 2021: Guatemala, Colombia, and Canada.

Stocks

Due to high storage costs associated with storage, approximately 4,000MT of raw sugar is usually kept in stock by producers. A limited amount of refined sugar is also kept in stock by importers.

Policy

The Ministry of Agriculture and Fisheries (MOAF) governs the policies for the operation of Jamaica's sugar industry. The policies address land usage, irrigation, and subsidies. The Sugar Industry Authority (SIA) is the regulatory body under MOAF, which controls the industry in areas of arbitrations, research, and development, monitoring and evaluation. The marketing of sugar and molasses is also regulated by SIA.

The Jamaica Cane Products Sales (JCPS) Limited was a private marketing company created in 1994 to grant marketing licenses to the factories it represented under SIA due to the fact these factories did not possess individual licenses to market their own products. After the GoJ initiated changes to the policy, SIA started to grant licenses to sugar factories directly. JCPS has since become obsolete and closed in 2018.

The Jamaica Country Strategy for the Adaptation of the Sugar Industry (JCS) is the main policy? guiding the Jamaican sugar industry. The JCS I (2009-2015) was designed to respond to the EU's policy changes that regulated sugar export trade in ACP countries. Following revisions to the EU's policy, the prices paid for raw sugar to ACP countries fell by 36 percent.

The *JCS II (2016-2020)*, which was updated by the MOAF in July 2019, has three main strategic objectives:

- i. developing and maintaining a sustainable private sector-led sugar cane industry based on multiple products
- ii. strengthening of the social resilience, economic diversification, and environmental sustainability of Sugar Dependent Areas (SDA)
- iii. maintaining progress towards the GoJ's macro-economic goals

The policy, which is now in effect, has a three-phase approach: transition, transformation, and consolidation. These policy updates are expected to minimize the risks associated with the industry and provide an avenue to increase revenue streams. MOAF envisions a revamped sugarcane value chain where there is expanded focus on diversified by-products beyond sugarcane itself. The Ministry states that the value-added prospects include the production and generation of energy products such as ethanol, refining sugar, and increasing the production of premium products such as rum and other alcoholic products.

Marketing

Currently, Pan Caribbean Sugar Company and Worthy Park are the only two sugar marketing agents in Jamaica. These companies are licensed by the Government of Jamaica to market their own products which allows them to set their own prices. Refined sugar is solely imported and distributed by independent companies to retail markets and by manufacturers of beverages and baked goods.

Table 2: Prices of sugar

Type of Sugar	Prices (US\$/pound)		
	Producer to wholesaler	Wholesaler/Importer to retail	Retail to consumer
Raw	-	0.51	0.79
Refined	N/A	0.92	1.30

Tables 3 and 4: Production, Supply and Distribution Tables

Sugarcane, Centrifugal	2020/2021		2021/2022		2022/2023	
	Dec. 2020		Dec. 2021		Dec. 2022	
Marketing Year Begins	Dec. 2020		Dec. 2021		Dec. 2022	
Jamaica	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	14	14	14	14	0	14
Area Harvested (1000 HA)	11	11	9	9	0	7
Production (1000 MT)	596	596	515	515	0	479
Total Supply (1000 MT)	596	596	515	515	0	479
Utilization for Sugar (1000 MT)	588	588	507	507	0	471
Utilization for Alcohol (1000 MT)	8	8	8	8	0	8
Total Utilization (1000 MT)	596	596	515	515	0	479

Sugar. Centrifugal	2020/2021		2021/2022		2022/2023	
Marketing Year Begins	May 2020		May 2021		May 2022	
Jamaica	USDA Official (1000 MT)	New Post (1000 MT)	USDA Official (1000 MT)	New Post (1000 MT)	USDA Official (1000 MT)	New Post (1000 MT)
Beginning Stocks	4	4	4	4	0	4
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	48	48	42	42	0	38
Total Sugar Production	48	48	42	42	0	38
Raw Imports	0	0	0	0	0	0
Refined Imp. (Raw Val)	60	60	60	60	0	60
Total Imports	60	60	60	60	0	60
Total Supply	112	112	106	106	0	102
Raw Exports	13	13	12	12	0	11
Refined Exp. (Raw)	0	0	0	0	0	0
Total Exports	13	13	12	12	0	11
Human Domestic Consumption	95	95	90	90	0	87
Other Disappearance	0	0	0	0	0	0
Total Use	95	95	90	90	0	87
Ending Stocks	4	4	4	4	0	4
Total Distribution	112	112	106	106	0	102

Attachments:

No Attachments